I am going to conclude this letter:

Perhaps Government legal experts in the areas of income tax and pensions could shed some light on whether or not this is possible under the Income Tax Act or PSSA/CFSA/RCMPSA. It seems to me that it would be, but I stand to be corrected should legal counsel having expertise in these areas demonstrate the contrary.

That is the letter of June 3 trying to advise the committee on this very technical and important point affecting indexing of pensions of public servants and cannot be affected by regulations in the Income Tax Act changing special benefits.

As I read that, the legal counsel advising the court, which was discussed by the members of the committee, could very well affect the indexation.

The interesting thing, and I would like to be able to file this, the very next day, June 4, the same legal counsel wrote a clarifying letter which was a little shorter but I guess I do not have time to read it.

In effect it clarifies it. But then it says it may not do it for the pension plans already in place but it could very well affect pension plans in the future. It is a shorter letter and is not so technical, so I will read it.

It was written June 4, the day after the first one, trying to help the committee. It pin-points the confusion of something that is so fundamental and important:

Dear Mr. Farrell:

I write to clarify my letter of June 3, 1992 in respect of Clause 30. A Justice lawyer acting for the Treasury Board spoke with me earlier today and it would appear that some clarification is required in respect of the last paragraph of my earlier letter.

When I said in my earlier letter that it is not clear that amendment of PSSA/CFSA/RCMPSA would be required to reduce or remove indexation as a permissible benefit, I was referring to permissible benefits as they are known under the Income Tax Regulations for purposes of the Income Tax Act. The amendment that I suggested could be made to the Income Tax Regulations, applicable to all pension plans, would only be applicable for income tax purposes. Such amendment would not and could not have the effect of removing or reducing indexation as a benefit under PSSA/CFSA/RCMPSA.

Indexation benefits have been placed in PSSA (proposed s.69 in cl. 30), CFSA (proposed s.78 in cl. 58) and RCMPSA (proposed s.39 in cl.80) and a regulation under the proposed section 71 in Clause 30 could not remove or reduce the benefits available under these Acts. Removal or reduction of indexation as provided under PSSA/CFSA/RCMPSA could only be effected by amendment of the relevant statute by Parliament.

My earlier opinion meant to indicate that the removal or reduction of indexation as a permissible benefit under the Income Tax Regulations for purposes of the Income Tax Act could possibly be effected by an amendment to the Income Tax Regulations. This amendment, however, would only affect the income tax position of the pension plan and would not directly remove or reduce the indexation benefits as benefits under the pension plans.

I trust this further clarification will assist the Committee in its consideration of the relevant clauses of the Bill.

We can see the problem of something so fundamental as indexation. As I read the committee, it was supposed to get further clarification from an amendment from the government on this important subject but it did not get it. That is another good reason why we should vote—

The Acting Speaker (Mr. Paproski): Questions or comments, the hon. member for Halifax West and then I will recognize the hon. member for Kootenay East.

Mr. Howard Crosby (Halifax West): Mr. Speaker, I listened with some interest to the remarks made by my good friend and colleague from Annapolis Valley—Hants.

I hope he will not lose sight of the general principle involved in this bill. I know he has dealt in the course of his speech with a number of details. I want to hear him comment on the general principle of pensions and pensions as deferred income.

The rule in Canada for many years now, over 30 years, has been that the basic pension benefits should be 70 per cent approximately of a person's income. That would allow them at the end of their working careers to maintain the standard of living for themselves and their families that they had earned over the course of their careers.

There are difficulties with time frames, whether it takes 35 years to earn that kind of benefit or some lesser period of time. The case can easily be made for a member of Parliament or an elected person that they do not have the opportunity to serve for that normal career period of 35 years. They go from one career to another career.